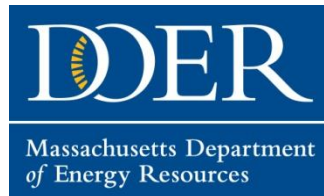


PROGRAM OPPORTUNITY NOTICE (PON)

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF ENERGY RESOURCES**



MASSACHUSETTS ECONOMIC STIMULUS INITIATIVE: THE CLEAN ENERGY AND INDUSTRIAL EFFICIENCY PROGRAM

Funded by the American Recovery and Reinvestment Act of 2009 (ARRA)

Funding Opportunity Number: DE-FOA-0000044 [CFDA Number: 81.807]

DATE ISSUED: JUNE 12, 2009

APPLICATION DEADLINE: 4 PM, JUNE 30, 2009

**Commonwealth of Massachusetts Department of Energy Resources
Clean Energy and Industrial Efficiency Stimulus Initiative**

INTRODUCTION

The American Recovery and Reinvestment Act of 2009 (ARRA), recently enacted by Congress and signed by President Obama, provides a unique and historic opportunity to stimulate the development and deployment of advanced-technology systems in facilities owned by both public and private sector entities. The installation of combined heat and power, district energy, and waste energy systems, as well deployment of efficient industrial equipment will create jobs, reduce our country's dependence on foreign oil, and curb carbon emissions. This Public Opportunity Notice (PON) provides cities, towns, other local entities, state agencies, public authorities, private companies, and other organizations in the Commonwealth with an opportunity to contribute to the goals of ARRA by utilizing significant financial incentives to install such advanced-technology units.

There are four (4) areas of interest, with a separate application for each technology. Area of Interest #1 is for CHP, Area of Interest #2 is for District Energy, Area of Interest #3 is for Waste Energy Recovery, and Area of Interest #4 is for Efficient Industrial Equipment.

PROGRAM OUTLINE

Area #1 – Combined Heat Power

Combined heat and power (CHP) offers several distinct advantages over many other electricity and thermal generation technologies with regard to performance, availability, and cost. CHP, or cogeneration, is the concurrent production of electricity or mechanical power and useful thermal energy that would normally be lost in the power generation process. This allows for much greater improvement in overall fuel efficiency, resulting in lower operating costs and CO₂ emissions. CHP positively impacts the health of local economies while also supporting national policies in a number of ways.

CHP is defined as the generation of electric energy and heat in a single integrated system, with an overall thermal efficiency of 60% or greater on a higher heating value basis. Applications are for new systems or replacement of an existing inefficient system, and may include single installations or multiple installations at multiple sites. Upgrades or modifications to existing systems are not eligible.

Area of Interest #2 – District Energy

District energy systems are defined as those systems that provide thermal energy from a renewable energy source, thermal energy source, or highly efficient technology to more than one building or fixed energy-consuming use from one or more thermal-energy

production facilities through pipes or other means to provide space heating, space conditioning, hot water, steam, compression, process, energy, or other end uses for that energy.

Applications in this area are open to commercially available technologies installed at new locations or replacement of an existing inefficient system. Upgrades or modifications to existing systems are not eligible. New systems must have a minimum efficiency of 60% and replacement systems must have an overall efficiency of at least 60% and at least a 25% efficiency increase compared to the replaced system.

Area of Interest #3 – Waste Energy Recovery

Waste energy recovery is defined as the collection and reuse of energy from sources such as exhaust heat or flared gas from any industrial process, waste gas or industrial tail gas that would otherwise be flared, incinerated, or vented, or a pressure drop in gas, excluding any pressure drop to a condenser that subsequently vents the resulting heat.

Applications in this area are open to commercially available technologies installed at new locations or replacement of an existing inefficient system. Upgrades or modifications to existing systems are not eligible. New systems must have a minimum efficiency of 30% and replacement systems must have an overall efficiency of at least 30% and at least a 25% efficiency increase compared to the replaced system.

Area of Interest #4 – Efficient Industrial Equipment

Efficient industrial equipment is defined as any proven commercially available technology. Applications in this area are open to deployment of technologies and systems with a minimum efficiency improvement of 25% into the industrial sector.

FUNDING

DOER will fund up to 50% of the cost although 75% will be considered with proper justification (see application package). There is no maximum funding level per applicant. Consideration and priority will be given to projects which create the greatest number of jobs within the first three years of the project and projects that create long term sustainable jobs.

Only applications that are ready for immediate initiation (as defined in the application package) will be considered responsive to this solicitation.

The Grantee will be required to execute a Standard State Contract with the Commonwealth of Massachusetts prior to receiving funding. The contract will establish terms and conditions and detail how and when payment will be made. Payments will be made directly to the Grantee. To be considered for funding applicants must supply a list of all costs associated with the project. No grantee administrative expenses will be funded. Application must include a letter committing to installation if a grant is awarded.

SYSTEM ACQUISITION AND DISPOSAL

The Grantee will acquire the eligible technology under one of the four areas of interest through its normal acquisition process. The Commonwealth will hold no financial or ownership interest in the system. In addition, it is the responsibility of the Grantee to ensure that warranties are in place to cover the system for the duration of this program, which is three years.

The Grantee is responsible for ensuring that existing systems to be replaced are disposed of in accordance with Commonwealth's solid waste and hazardous waste disposal laws and regulations. Disposal costs are eligible for funding.

FUELING

If proposing biomass or another alternative fuel the Grantee must demonstrate that it can provide an uninterrupted supply of the appropriate fuel for the system.

PROGRAM ADMINISTRATION

The Grantee will manage the program and will ensure that the system is installed in a timely manner, necessary inspections take place, all applicable permits are obtained, local and state procurement methods are employed, all applicable labor requirements are met, and state approved accounting procedures are used to manage grants and DOER funds. Grantee will also be responsible for complying with all ARRA related program requirements.

PROGRAM REPORTING

The Grantee will provide quarterly reports for the program period to DOER electronically in a format agreed to by both the Grantee and DOER. Grantee will also be responsible for all reporting requirements of ARRA.

HOW TO APPLY

Application packages for each of the four areas of interest are available through the Massachusetts Department of Energy Resources Website. The Application deadline is June 30, 2009 by 4:00 PM (EDT). DOER reserves the right to limit the number of awardees. Completed applications must be submitted electronically in the format or formats provided to gerry.bingham@state.ma.us.

Questions Concerning PON

The Application packages will be posted on DOER's website at www.mass.gov/doer by Tuesday June 16.

Requests for clarification or additional information regarding this PON may be submitted via e-mail using the subject line “ARRA: Clean Energy and Industrial Efficiency Program Query” to gerry.bingham@state.ma.us by 12:00 PM (EDT) June 26, 2009. All answers to questions will receive a direct reply within two days and will be posted frequently leading up to the deadline (<http://www.mass.gov/doer>). Any answers will be intended solely as a clarification to the PON, and will not constitute an amendment or modification to the PON unless expressly stated as such.

To obtain additional information contact (no phone calls, please):

Gerry Bingham, Sr. Coordinator for Policy and Business Programs
MA Department of Energy Resources
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